

Jury Studying Minority-Aid Spending

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WASHINGTON, June 13 —

The Watergate grand jury is investigating charges that Nixon Administration officials illegally used funds earmarked for minority programs to attract for the President the election support of blacks and Spanish-speaking Americans in 1972, sources close to the investigation reported today.

The sources said the grand jury had been looking into the matter for several weeks and was close to finishing its investigation.

This was the first word that the grand jury was conducting an investigation in the area of minority capitalism. It was previously reported that the minority programs under the Small Business Administration were being investigated by several Congressional committees.

Moreover, an investigation by The New York Times last November found evidence that the minority enterprise program had been abused and politicized to serve the interest of the President's re-election.

Contracts and Grants Cited

The grand jury investigation centers on charges that present and former officials of the Nixon Administration used federal contracts, grants and loans as a tool to drum up support for the President among minority groups.

The Senate Watergate committee conducted an extensive investigation into the matter, and a copy of a draft report prepared by its staff was forwarded to the office of the special Watergate prosecutor, the sources said.

That secret report, a copy of which was made available to The New York Times, concluded that officials working

on behalf of the President had devised a plan whereby funds allocated to social and economic programs went only to those individuals and organizations that supported the President.

The Senate committee staff said it had found a "concerted and concealed" effort by White House officials to divert the resources of the executive branch to help in the campaign and that such activity may have amounted to a civil and criminal "conspiracy to defraud the United States."

The report said the committee had conducted interviews with more than 150 witnesses and had seen "thousands" of White House and re-election committee documents of a so-called "responsiveness program" to award funds to the "right persons."

Coordinators Are Named

The funds were to come from the Departments of Labor; Health, Education and Welfare; Housing and Urban Development, and Justice, as well as the Office of Minority Business Enterprise, a unit of the commerce department; the Small Business Administration and the Office of Economic Opportunity.

The report said the program had been conceived largely by Frederic V. Malek deputy director of the Office of Management and Budget. Its aim was reportedly directed at Spanish-speaking Americans and blacks.

Named in the report as coordinators of the Spanish effort were Alex Armendaris, director of the Minority Business Unit; Henry Ramirez, director of the Cabinet Committee on Opportunities for Spanish Speaking People; Garlos Conde, former director of public in-

Civil Rights Commission; Antonio F. Rodriguez, who was chairman of the Spanish speaking committee before Mr. Ramirez, and Benjamin Fernandez, a Los Angeles businessman and former fund raiser for the Committee for the Re-election of the President.

Coordinators for the black community were listed as Robert J. Brown, former special assistant to the President; Paul Jones, presently the regional director of Action, the volunteer agency; Samuel C. Jackson, former Assistant Secretary of H.U.D., and Edward Sexton, now a counselor with the minority business unit.

One memorandum, the report said, was written by Mr. Malek to H. R. Haldeman, former White House chief of staff, and proposed the plan to "insure that the President is able to capitalize fully" on his incumbency.

"As you know, we have already initiated programs to derive greater political benefits from grants, communications and personnel. These White House-directed efforts will control the key executive branch operations having the highest political payoff," the memorandum is reported to have said.

"In addition, it continued, "we should take action to insure that the day-to-day departmental operations are conducted as much as possible to support the President's re-election. Since it is impossible for the White House to directly control day-to-day activities, we must establish management procedures to insure that the departments systematically identify opportunities and utilize resources for maximum political benefit."